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Photo by Rachel Scott
First Ascent CEO Scott MacKillop

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GeoWealth Acquires First Ascent Asset Management

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Rob Burgess | Mar 23, 2023

GeoWealth, the Chicago-based turnkey asset management platform provider, announced Thursday its acquisition of First Ascent Asset Management, a pioneer in flat-fee asset management based in Denver.

With this acquisition, the two firms now have a collective \$21 billion in platform assets.

Terms of the deal were not disclosed, but it is expected to close by the end of the month.

“We’re more focused on the technology side and the infrastructure to support RIAs, which I do think is relatively unique in our market,” said Colin Falls, president and CEO of GeoWealth. “What First Ascent does in terms of investment consulting and that high-touch service model while getting

access to our technology ... there are synergies there for both firms is how we're thinking about it."

Scott MacKillop, CEO of First Ascent, said joining GeoWealth would "allow us to serve a broader community of advisors and it will allow us to provide an expanded offering to our existing advisors."

"The timing was perfect because we are getting an increasing number of requests for more customized and flexible model solutions," said MacKillop. "The GeoWealth technology and team will help us better meet the growing demand."

MacKillop will remain as CEO of First Ascent, which will be a subsidiary of GeoWealth, Falls said.

"Certainly we're going to look more intermediate term at how this all gets integrated, but I think from an initial integration standpoint the idea was to keep continuity and their entire team is going to stay in place and it's more of, 'Where do we invest alongside them?'" said Falls.

In November 2021, GeoWealth announced it had raised \$19 million in Series B funding led by Kayne Partners Fund and a follow-on investment from JP Morgan Asset Management. Founded in 2010, GeoWealth's Series B follows its undisclosed Series A round by JP Morgan Asset Management in December 2018.

Around half of GeoWealth's 100-employee organization is in product and engineering.

Falls said First Ascent is "also tech-forward and they serve almost exclusively the RIA channel, as well." In September 2021, First Ascent Asset Management announced it was buying onboarding technology partner Forward Financial Technology. First Ascent folded in Forward Financial's risk tolerance, proposal generation and account opening technology.

"So, there's a like-minded approach to the market there, as well," Falls said.

Falls said when the company was first considering the acquisition about a year ago, it realized GeoWealth and First Ascent were targeting a few of the same advisors for the same business.

"The conversation led to, 'Is there something more strategic that First Ascent and GeoWealth can do together?' At that time the conversation transitioned from competing for a few advisors to, 'Are we the right technology platform for First Ascent's business?'" said Falls. "That's where the conversation went probably in the end of the second quarter of last year where we really first engaged."

As the discussions developed, Falls said it “started to heat up” in the third quarter of 2022, and by the early fourth quarter of 2022, they had a term sheet in place.

Right now, First Ascent has around 80 RIAs on its platform, with \$1.4 billion in assets under management.

“They’re more focused on the full-service RIA business where they’re doing a lot for their clients on the investment consulting side all the way to the account opening and a lot of the concierge services a lot of the more full-service TAMPs provide,” said Falls. “Whereas, GeoWealth is more focused on enterprises and the software side of it. And so it was natural as we thought about it with their interest and our technology is that there are synergies there.”

First Ascent’s advisors will be migrating to the GeoWealth technology over time and “they will be using the best of both worlds,” said Falls.

MacKillop said his focus will be “on serving our advisors and working to create more value for them with the combined power of First Ascent and GeoWealth.”

“The opportunities in the RIA market are endless and I am looking forward to working with Colin on exploring those,” said MacKillop. “Going forward, First Ascent is going to be able to work with a full spectrum of advisors in meeting their investment needs. Advisors can access our existing full-service model, and now they can manage their own models, or they can use a combination of the two.”

“I think the longer term is that it’s the same team and what we end up really developing is different business models or support models based on what the needs of the RIA are,” said Falls. “The First Ascent brand will stay and it will be defined as really the first full-service RIA TAMP business model.”

The fee schedules will not change even with the acquisition, said Falls.

“They went to market with the flat fee model where ours is more enterprise, where it’s direct to the firm,” said Falls. “I think the irony of this is you kind of end up in the same place in terms of the basis point blend based on the size of the firm. I think what is advantageous about their fee model is that the end client gets the direct benefit of that flat fee model because they’re pulling fees out of client accounts and it’s a direct agreement with those clients. Where GeoWealth, with our enterprise business, we have direct relationships with the RIAs. So we’re giving them economies of scale in our fee model directly to the firm. At the end of the day, it all gets passed on to

the client, but it's just a different engagement model for the full-service RIA TAMP vs. the enterprise TAMP."